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1 RECORD OF ORAL HEARING
2 UNITED STATES PATENT AND TRADEMARK OFFICE

3 _____
4 BEFORE THE BOARD OF PATENT APPEALS
5 AND INTERFERENCES

6 _____
7 *Ex Parte* CRAIG OGG

8 _____
9 Appeal 2010-004077
10 Application 10/677,829
11 Technology Center 3600

12 _____
13 Oral Hearing Held: May 5, 2011

14 _____
15 Before HUBERT C. LORIN, ANTON W. FETTING,
16 and JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

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2 The above-entitled matter came on for hearing on Thursday, May 5,
3 2011, commencing at 9:29 a.m., at the U.S. Patent and Trademark Office,
4 600 Dulany Street, Alexandria, Virginia, before Victor Lindsay, a Notary
5 Public.

6 PROCEEDINGS

7 MR. REES: Good morning.

8 JUDGE LORIN: This is Judge Lorin presiding. We also have on the
9 panel Judges Fetting and Fischetti.

10 MR. REES: How you guys doing this morning?

11 JUDGE LORIN: Doing very well, very well. This is Appeal 2010-
12 004077, is that correct?

13 MR. REES: Yes, sir.

14 JUDGE LORIN: Okay. Well, we're familiar with the record. You
15 have 20 minutes. You may proceed.

16 MR. REES: All right. Well, I appreciate it. My name is Nathan
17 Rees. I represent Stamps.com, the Appellant in this case. I think probably
18 before we, you know, get into the invention itself, a little bit of background
19 might be useful for our conversation if you're not familiar.

20 So the general technology area of this is postage, you know,
21 evidencing. You know, historically, postage evidencing and kind of the
22 surrounding field, it's a very heavily kind of regulated area, mostly because
23 the U.S. Post Office takes it very serious. If you counterfeit postage, it's
24 essentially akin to counterfeiting money as far as the Federal Government is
25 concerned. So in the past, what happened is that you'd get postage machines
26

1 where the post office would -- you know, you'd pay cash, they would put
2 that amount of postage on your postage machine. And they have different
3 accounting methods. There was a method that showed how much money
4 was on your account, you know, in the vault of the postage machine. They'd
5 have kind of an odometer style, you know, how much money has historically
6 ever been in this postage machine, and then they'd have a strike count which
7 would say, you know, how many times this thing has, you know, put down
8 printed postage. So anyway, they have very strict controls. So for the
9 longest time, actually, you used to have to bring your evidencing device into
10 the post office. Now, with the advent of online services, such as
11 Stamps.com, what the post office has done is they've allowed the setup of a,
12 you know, kind of -- it's a remote access but it really does the same thing.
13 You log onto Stamps.com. You have an account that has kind of, you know,
14 cash prepaid into the account and it keeps the accounting the same way. It
15 does the strike count the same way. The only difference is it prints on your
16 printer.

17 Now, to give you kind of a conceptual overview of the present
18 invention, what Stamps.com found, you know, that would be useful is, okay,
19 if you could take like a local postage evidencing machine, you know, such as
20 the, you know, the meter in your mail room, right now, you know, it's all
21 tied to its vault and its accounting. What they decided is that, you know, it
22 would be useful if you could use that to access, say, your online account,
23 like Stamps.com. Multiple reasons, you know, if you need to do something
24 personal in your own business line or, you know, business use at your meter,
25 you know. There's multiple reasons to do that. But regardless, what they
26 wanted to do is, okay, well, you go up to this postage machine that has this

1 local account and local vault, but you don't want to mess with the local
2 account, you don't want to mess with the local strike count or any of the
3 accounting provisions. So what they do is, you know, figure out a way to
4 provide access to a vendor, an online vendor such as Stamps.com. This
5 comes out in the claims, this concept, you know, comes out in claims --
6 Claim 14 is the only independent claim in here. You know, we have
7 configuring a local postage imaging device to communicate with a plurality
8 of vendors providing access with a remote postage account. The next one,
9 the next limitation says that the local postage evidencing device has a local
10 account. So it is kind of a meter style thing that has kind of a local presence
11 in that it can -- a few more lines down -- it can reduce the balance on a
12 remote postage account without transferring the value to the local account,
13 like I said, which is useful in light of some of the accounting regulations that
14 are in line, and then you'd print the desired postage. So essentially, it's, you
15 know, the method to allow yourself to use your online account, you know,
16 from a local metering style device.

17 Now, the art that we have cited against us here, we have the -- it's the
18 *Pierce* and the *Willoby* reference. Now, *Pierce*, if you look at Figure 1 -- I'll
19 pull it out. What *Pierce* is, this is kind of an internal network, you know,
20 that would be put in, like, within a company, you know. For instance, my
21 law firm has -- you know, we have a postage meter on every floor of our
22 building. And what this is is it's creating a network to use postage meters so
23 client PC -- well, say -- they're all labeled 20, if I remember right. So it
24 looks like the client PC down in the bottom left corner, it doesn't have a
25 postage evidence device -- which is numbered as PSD 40 on the figure. So
26 client PC, on the bottom left, doesn't have a PSD connected to it, and what

1 *Pierce* is doing is allowing, you know -- it's created a program -- I forget
2 what they call the program, but they essentially create a program that allows
3 this client PC to access one of the PSDs in a postage transaction.

4 Now, *Pierce* is very clear. If you look at column 5, lines -- let's see,
5 starting at 32, it says when the PSD 40 is being accessed by a client PC
6 which is coupled -- so, basically, if you're in the situation where the PSD is
7 actually coupled to the client PC, the client PC becomes a meter server and
8 client PC functions as a stand-alone PC meter. It says that again in column
9 6, you know, around 23. You know, stand-alone PC meter client PC can
10 only access the PSD coupled to it. There's no remote vault access to client
11 PC and it's processing the transaction as a local PSD.

12 So the claims here require that, okay, we have a local postage
13 evidencing device with a local account that's able to access a remote postage
14 device and, you know, download a transaction without transferring the
15 money to the local account. So right here, what it's saying is even though
16 we do have a distributed network in this Figure 1, nowhere does *Pierce*
17 teach that, you know, a client PC that's connected to a PSD can actually
18 access a different PSD. In fact, *Pierce* teaches explicitly that it can't. So
19 this is kind of one of the laws in logic.

20 Now, if we look at *Willoby*, the Examiner has relied on *Willoby*
21 because the Examiner says that *Pierce* doesn't teach configuring a local
22 postage device to communicate with a plurality of vendors. I would assert
23 that it doesn't teach a local postage evidencing device to communicate with
24 a remote postage evidencing device which is found --

25 JUDGE LORIN: Counsel, counsel, let me stop you for a second here.

26 MR. REES: Sure.

1 JUDGE LORIN: Can you point to where in the Brief you made the
2 argument that the local doesn't access a remote in *Pierce*?

3 MR. REES: Let me --

4 JUDGE LORIN: I may have missed it, but I don't recall you making
5 a clear argument that *Pierce* fails to disclose connecting a local device with a
6 remote device. Am I wrong?

7 MR. REES: Let me find it in here. I've been holding that all along
8 through prosecution, so I'd be very surprised if it wasn't in here, but let me
9 find it exactly for you. Part of the issues throughout prosecution, the
10 Examiner has kind of switched what he's calling local and what he's calling
11 remote and, in fact, I think I complained about that in my Reply Brief, that,
12 you know, throughout all prosecution he has considered, you know, a
13 separate PSD in *Pierce* as a remote PSD, and then he started calling it local
14 after the fact. Let me just find it.

15 JUDGE LORIN: I mean, the reason I raise it is because it seems -- it
16 seemed to me, reading the Brief, that the issue was whether *Willoughby*
17 showed the plurality of vendors being connected to the local device.

18 MR. REES: Okay, so let me -- sorry, I'm --

19 JUDGE LORIN: No, that's okay. No, take your time. I'm just
20 curious.

21 MR. REES: Well, I think -- and, really, the issue in the Brief was
22 more -- it wasn't whether or not *Willoughby* connects a plurality of vendors.
23 To me, I mean, I guess how I put it was -- I mean, it's a pretty strange
24 combination when you start looking at how the *Pierce* layout is taught and
25 how the *Willoughby* layout is taught, and what I was saying is that nothing is
26 teaching connecting a local postage device with a local account with a, you

1 know, with something that has a plurality of vendors. It wasn't necessarily
2 that *Pierce* -- or that *Willoughby* doesn't teach a plurality of vendors, it's
3 that, you know, I -- what I'm asserting is that, okay, well, I just showed you
4 *Pierce* doesn't teach a local device which, you know, connects to a remote
5 thing, and then what I -- if you go through *Willoughby*, you know,
6 *Willoughby* has this API structure and *Willoby* essentially works -- probably
7 the easiest way to describe is it's kind of like the Expedia of postage service,
8 right? They want the certified intermediary to work as, like I said, an
9 Expedia.com type of thing and be able to access, you know, maybe
10 Stamps.com and someone else to bring it down. But *Willoughby* also isn't
11 teaching local postage evidencing device that can connect to a remote
12 postage evidencing device, all right?

13 So my kind of overarching theme was, okay, well, nobody is
14 teaching -- you know, as I was saying before, you know, we're in a -- if we
15 have a, you know, an office building with a meter, you know, nothing, you
16 know, that has a meter like that is accessing a remote device and any
17 combination between the two -- and that's why I was taking issue with the
18 combination, was we don't even know how this API could combine, and
19 how is it combining with the network and what's -- you know, with *Pierce*
20 with this -- what it can -- I assume that the Examiner is saying that the PSD
21 is a local device. It just kind of was a confusing combination to me. So --

22 JUDGE LORIN: Well, counsel, I want to focus the argument because
23 the way I read the Brief is the only issue in contention with Step A, the
24 configuring of the local device to communicate with a plurality of vendors,
25 if we were to accept the next five steps as being disclosed in *Pierce*, it seems
26 to me that one of ordinary skill, you know, reading the secondary reference,

1 could configure, you know, this local device to communicate with any
2 number of vendors.

3 MR. REES: I'm sorry, can you repeat that? I'm trying to -- I didn't
4 quite understand what you were saying.

5 JUDGE LORIN: Okay. My previous question to you was where in
6 the Brief does it show your argument that *Pierce* does not show connecting a
7 local to a remote? That was my earlier question.

8 MR. REES: Right. Actually, I think that how I attacked it was more
9 that when you --

10 JUDGE LORIN: Okay, do you see our difficulty? If --

11 MR. REES: Definitely. Yeah, yeah, yeah. Yeah, definitely.

12 JUDGE LORIN: If you don't make that argument, then all we have
13 left is -- all we have left as an argument is whether *Pierce*, which appears to
14 teach steps, the final five steps, why would one of ordinary skill be driven to
15 configure it to communicate with a plurality of vendors? That's the only
16 argument.

17 MR. REES: I think that how, like I said, in the Brief, how I attacked
18 it was that -- it's in there. It's just how I said it wasn't as straight out as I
19 would just put it in my initial opening. We talked about, you know, the -- I
20 talked about in the Brief that the refilling process -- you know, that the
21 Examiner relies on this teaching reducing the balance of a remote postage
22 account without transferring the value to the local account couldn't be
23 carried out by *Willoughby* because, you know -- I was just talking about this
24 API functionality of *Willoughby* just doesn't work that way. And then I also
25 talk about where *Pierce* accesses phones, you know, on a separate PSD
26 while metering is calculated and printed on a local PSD. So what, basically,

1 I'm laying out as -- you know, how I laid it out is, okay, well, here's this
2 functionality of *Pierce*. You know, *Pierce* accesses account funds on -- you
3 know, it's one client PC with access on this other PSD. You know, as such -
4 - I'm now reading through my Brief. As such, the vendors of *Willoughby*
5 cannot function as a sort of remote part of the network of *Pierce* because the
6 local PSD is attempting to utilize the remote account's funds and the shifting
7 UPI of *Willoughby* will not attempt to meter the postage, which in the past
8 got the local PSD of *Pierce*.

9 So like I said, I -- really, what I did in the Brief -- and maybe we
10 should just take it that way and we'll just say that we're left with this -- is
11 when you combine, you know, you're trying to combine these two options.
12 Now, one of my contentions was where would you combine this? You
13 know, what -- see, you -- I mean, the Examiner is saying, okay, well, it can
14 just use *Pierce*. And it's like, well, how exactly is an API -- you know, how
15 is it -- how exactly is it lopping off? I mean, what I would assert here, I
16 mean, but for hindsight, you wouldn't, you know -- I mean, you're saying
17 that, you know, one of skill in the art could put this together but, I mean, it's
18 not clear how one would put this on, especially in light of what the -- you
19 know, how the art requires postage evidencing to go.

20 You know, as we described at the first, you know, local accounts and
21 local meters have their own, they have their own accounting requirements.
22 In fact, *Pierce* -- and I discussed this in the Brief, in my Appeal -- *Pierce*
23 talks about the different accounting, you know, how you have central
24 accounting with respect to the transactions, but, you know, the actual
25 postage accounting is also done on the meters themselves, whereas the API
26 of *Willoughby* does the accounting as a separate postage vendor. So it just

1 kind of -- the thing is -- how we asserted it in the Brief is that thing just isn't
2 readily combinable. You know, the Examiner said, you know -- and the
3 reasons for combining is *Willoughby*, you know, one of ordinary skill would
4 combine because *Willoughby* can select another vendor when a particular
5 postage provider suffers downtime in the industry. But, really, in *Pierce*, I
6 mean, you know, if your one client PC has gone to PSD 1 and PSD 1 is
7 suffering downtime, you know, it can go to -- that client PC can go to PSD
8 2, you know, so there would really be no need to combine that. And so, my
9 contention was you couldn't just readily combine that with how the
10 transaction processing is going. The API would subvert the functionality of
11 the servers and how the transaction accounting has to be done in *Pierce*.

12 And then the reasons for combining is, first of all, that reason just
13 wouldn't exist because *Pierce* already accounts for it. And then in the Reply
14 Brief -- or in his -- in the Examiner's Answer, he said, he came out and said,
15 well -- okay, when I said *Pierce* already compensates for the, you know, for
16 that type of system, he then came out and said, well, *Pierce* contains
17 multiple postage meters that must initially get funds from a remote vendor,
18 and that remote vendor may suffer downtime, and so that was his new
19 reason to combine. So, basically, what he was saying is that this Data
20 Center 5 of *Pierce* has to go and get funds from, say -- it goes and gets them
21 from the post office, generally, and it's saying, well, you know, we might
22 combine it so that thing can go and get, you know, extra downtime. Now,
23 that -- first of all, that's not totally accurate and it kind of changes -- how I
24 take issue with it is it changes what he's been calling local and remote the
25 whole time. Also, you know, using this data center to say, well, that could
26 connect to the remote meters, that also doesn't really -- that doesn't jive with

1 the claims because it's the local postage evidencing device that has to go and
2 access the remote postage evidencing device.

3 So I guess what I would say is that, I mean, I -- the Examiner hasn't
4 put forth a kind of prima facie reason to combine under *KSR*. And then
5 when you look at how to combine, these things teach totally different
6 methods, right. And one of the things I took issue with throughout the Brief
7 was, you know, the purpose of *Pierce* is to create this kind of, you know,
8 network so you can access your PSDs, whereas the -- really, the API of
9 *Willoughby* is, you know, it's really trying to set up an Expedia style, you
10 know, online access point. There really -- I mean, when you start putting in
11 the API of *Willoughby*, you're not -- I mean, it's really changing the
12 principal operation of *Pierce*. You know, *Pierce* is all on this internal
13 network and it's not really concerned with plurality of vendors. It's not
14 really concerned with, you know, the aspects of *Willoby*. So like how I
15 figure, it just seems like a hindsight reconstruction.

16 JUDGE LORIN: All right, counsel, I just want to get a simple answer
17 to this question. Does *Pierce* show -- as the Examiner alleges, does it show
18 connecting to a remote postage evidencing system via the local postage
19 evidencing device?

20 MR. REES: No. As I said before, there is -- you have a client PC,
21 one of, you know -- and he calls them 20 -- and any of the client PCs, you
22 know, that don't have a PSD connected to it, they can connect to a remote
23 system, but those -- since they don't have the PSDs to it, that's not really
24 connecting via a local postage evidencing system. Now, the client PC that
25 has the PSD connected to it, that one cannot connect to a remote system. It
26 cannot connect to the other client PC that has a PSD. Now, it can connect to

1 a data center to refill its postage. And this is one thing that we talked about
2 in the, you know, back and forth throughout the Brief and throughout
3 prosecution is that, okay, yeah, it can talk to the data center to refill, but it's -
4 - that's not connecting to a remote postage evidencing device, that's merely,
5 you know, a refill of your transaction. And, in fact, in the Rejection, if you
6 look in the Final Office Action on the Rejection at page 4, he says, you
7 know, *Pierce* teaches connecting to a remote postage evidencing system via
8 a local postage evidencing device, and he points to column 5, lines 40
9 through 42, and column 5, lines 40 through 42 are -- basically talks about
10 refilling through the data center. So if you look at the rejection of record, all
11 he's really saying when he says, you know, connecting to a remote postage
12 evidencing system via a local postage evidencing device, he's basically
13 saying PSD 40 can connect to Data Center 5.

14 So, yeah. So the short answer to your question is no, there is nothing -
15 - you know, PSD 40 cannot connect to a different PSD 40, nor -- you know,
16 there's no teaching of that, nor is there any teaching that PSD 40 can connect
17 through to another PSD through the data center. The only teaching is that it
18 can refill, which is standard. I mean, that's how postage meters work. I
19 mean, they refill through, you know, a server of some sort.

20 JUDGE LORIN: Okay, counsel, I appreciate the clarification.

21 MR. REES: Right.

22 JUDGE LORIN: Do you have any further points? Time is almost
23 up.

24 MR. REES: You know, the only other thing I looked at -- just, I
25 mean, we'll hit on it just while we're here. The only independent claim that
26 we argued separately was Claim 25 and it's kind of a fine point, but I think

1 it's one that kind of illustrates a little bit -- illustrates the difference in the
2 present application. Claim 25 -- let me perhaps grab the Brief.

3 At page 12 of the Appeal Brief is where I discussed it. So Claim 25
4 says, you know, where in the local postage account, there's a stored value of
5 postage that has been downloaded from the Internet-based postage service.
6 Now, what that's essentially doing is, okay, my local postage evidencing
7 device could actually be something I downloaded off of Stamps.com, and
8 the remote account can also be a Stamps.com account. That does actually
9 make a difference in the kind of Post Office world because when you
10 actually -- when your -- if your local device is something from USPS, it's
11 regulated differently.

12 Really, the Examiner's Rejection, all he said was *Pierce* discloses a
13 PSD that is attached to a host computer that can be refilled through a
14 network connection to a data center. So, basically, he's just saying the data
15 center can refill, fill and refill the local device, but that doesn't necessarily
16 say that the local postage account is downloaded from an internet-based
17 postage service. And if he -- and if you look at the next paragraph in the
18 Brief. If he were to argue that the U.S. Postal Service was an Internet-based
19 postage service, we argued in here, all right -- you know, paragraph 3 says,
20 you know, individuals and companies can use Internet-based postage
21 accounts such as Stamps.com in order to purchase and print postage. And
22 then paragraph 34 says in long exemplary embodiment, the user has a
23 postage account with USPS or an internet-based postage account such as
24 Stamps.com.

25 So what I would say is that this network data center appears -- one of
26 skill in the art would assume that all it's doing is connecting to the U.S.

1 Postal Service because that's what it would do, and it probably connects to it
2 over the Internet. But what I would contend is that it's not an Internet-based
3 postage service kind of based on how we have defined it in light of our spec
4 in paragraph 34 where we say you can have a postage account with USPS or
5 an Internet-based postage service like Stamps.com. So I guess that's just a
6 matter how you guys interpret, you know, if we sufficiently -- like I said,
7 this data center likely is connecting to the post office via the Internet, but I
8 would contend that that's not an Internet-based postage system. And like I
9 said, how the accounting generally works in these devices, that does make a
10 difference. And so, it's not one of those, you know, throw away
11 independent claims. You know, where in the document is an XML
12 document, you know? I'm sure you've seen a lot of those. Now, other than
13 that, I think that's the point that I had. I appreciate your time.

14 JUDGE FETTING: Counsel?

15 MR. REES: Is there any other questions? Yeah?

16 JUDGE FETTING: Yeah, this is Judge Fetting. I just have a quick
17 question. Is there a lexicographic definition of the phrase postage
18 evidencing device in the specification?

19 MR. REES: I would assume --

20 JUDGE FETTING: I was unable to find it, but I'm wondering if there
21 is one.

22 MR. REES: I don't -- I'm certain that there's not a place where we
23 say a postage evidencing device is X, but --

24 JUDGE FETTING: Okay, that answers my question.
25
26

1 MR. REES: If you note though, wherever we said it, like in the
2 claims, it says postage evidencing device having a local postage account,
3 which --

4 JUDGE FETTING: Right. It's --

5 MR. REES: -- gets around a reading that you could say, well, a client
6 PC -- or in *Willoughby*, you know, *Willoughby* had some PC accessing the
7 API. I don't think that you can call the PC accessing the API a local postage
8 account -- or a local postage evidencing device. You know, broadly
9 speaking, maybe it could be, but it definitely doesn't -- maybe it could be if
10 we wouldn't have put in the limitation of having a local account.

11 JUDGE FETTING: Okay, thank you.

12 MR. REES: All right.

13 JUDGE LORIN: Any further questions? No?

14 JUDGE FISCHETTI: No.

15 JUDGE LORIN: All right, no further questions, counsel. Thank you
16 very much for your time.

17 MR. REES: I appreciate it. Have --

18 (Whereupon, the proceedings, at 9:58 p.m., were concluded.)
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